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Counterfeit Corner

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Takedown of Counterfeit Goods in China

The elimination of counterfeit goods from online marketplaces in China continues to improve due to support from the Chinese government, changing laws in China that can impose liability on online marketplaces for infringement of intellectual property rights (IPR), and continued pressure from manufacturers from around the world. The Alibaba Group, owner of some of the most popular online marketplaces in China, launched in January a “Big Data Anti-Counterfeiting Alliance” that already includes members such as Louis Vuitton, Swarovski, Samsung, Amway, and Ford. The Alibaba Group will provide alliance members with technological support and protection from counterfeiting utilizing data and analytics. The Alibaba Group previously had established IPR protection platforms in the English language several years ago which largely remain the same. However, the Alibaba Group recently has streamlined the takedown procedures to make them easier and more effective, started closing the accounts of three-time infringers, and started prohibiting listings that intentionally blur trademarks.

Filing a Complaint

The portal AliProtect (legal.alibaba.com) is used for filing complaints related to products on Alibaba (a business-to-business marketplace focused on markets in China, Hong Kong, Macau,

Taiwan, etc.), 1688 (a domestic business-to-business marketplace), and Aliexpress (a business-to-business marketplace focused outside Asia) and the portal TaoProtect (qinquan.taobao.com) is used for filing complaints related to products on Taobao (a customer-to-customer marketplace) and Tmall (a business-to-customer marketplace). The entire take-down process can be reduced to as little as one working day for some types of listings if you are familiar with the take-down procedure and plan ahead.

There are four basic steps for AliProtect or TaoProtect to report an IPR infringement:

1. Registering for an account;
2. Submitting identification and an IPR document for verification;
3. Submitting an allegedly infringing listing for takedown; and
4. Following up with any counter-notification process.

The first step is to create an account on AliProtect by providing name and contact information and accepting the User Agreement. This step can be completed in a few minutes. Note that you are not required to be an Alibaba.com member to register to use AliProtect.

In the second step, you must submit valid proof of identity such as a business certificate if the IPR owner is a business or a passport if the IPR owner is an individual. You also must submit at least one IPR document such as a patent, trademark, or copyright registration certificate. If ownership of the

patent, trademark, or copyright registration supporting the IPR claim has changed, be sure to submit all documents necessary to show the submitter as the current owner. Then AliProtect verifies the submitted documents within two business days so that you are able to start submitting infringing listings for takedown. If you perform these first two steps in advance, you will be able to immediately submit infringing listings when located. Submitting IPR documents for verification can be very time consuming, particularly for a patent which requires an evaluation report prepared by the State IP Office (SIPO) as to the validity of the patent.

In the third step, you must identify infringing product listings on the online marketplace and match them to IPR verified in the second step along with providing a reason for the request and any supporting documentation to supplement your complaint. Within one working day, the AliProtect notifies the supplier of the complaint and gives the supplier three working days to object to the complaint. The infringing listing also is taken down if the supplier does not have a paid membership with the marketplace, but the infringing listing at least temporarily remains in place if the supplier has a paid membership with the marketplace (Gold Supplier).

The fourth step is to monitor the status of your complaint and follow-up on any objections. If the supplier does not object to the complaint within three days, the infringing listing is immediately taken down if not already down, and permanently remains down if already taken down. If the supplier objects to the complaint, you have three working days to either accept or reject the objection to your complaint. If you accept the objection to your complaint,

the infringing listing is immediately returned if already down, and remains if not already taken down. If you reject the objection to your complaint, AliProtect will decide to remove the listing (or leave it down if previously taken down) if it agrees with you and leave up the listing (or returns the listing if previously taken down) if it agrees with the supplier. The time for decision varies but this is another area where the takedown process seems to be improving. If AliProtect decides in favor of the supplier, you can refile a complaint with additional supporting documentation to combat the explanation of the denial and/or take offline enforcement actions.

Takeaway and Tips for Rights Owners

While the process for removing counterfeit goods from online

marketplaces in China continues to improve, IPR owners must continue to continuously monitor the online marketplaces for infringing goods and file takedown complaints when needed in order to have an effective IPR enforcement program in China. IPR owners also must continue to take the early actions necessary for obtaining IPR protection for their goods in China or it will not even be possible to file complaints with the online marketplaces. Early action is necessary to obtain patent protection in China because China requires “absolute novelty” which means the patent process must be started in some country before the product is introduced anywhere in the world and the patent process can be very lengthy. Additionally, early action is particularly necessary to obtain trademark protection in China because China

essentially is “first-come-first-serve” with regard to trademark registration and China remains one of the top countries for bad-faith trademark registrations.

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